Sean Parnell, Governor Emil Notti, Commissioner Robert M. Pickett, Chairman

April 2, 2010

In reply refer to: Finance Section

File: PC42-1007K LO#: L1000107

Bonnie Folz Administrative Manager King Cove, City of 3380 C St. Suite 205 Anchorage, AK 99503

Dear Ms. Folz:

On April 1, 2010, the Commission approved updated **Permanent** PCE levels in cents per kilowatt-hour (¢/kWh) for King Cove, City of (KING COVE), for the listed classes of customers as follows:

All 10.91¢

The revised PCE levels are due to Commission approval of KING COVE's Fuel Cost Update submitted on March 19, 2010. The new PCE levels are effective for billings rendered after April 1, 2010. For your reference, copies of the Commission Staff's recommendations and schedules are attached as an Appendix.

The Commission reminds KING COVE of its continued obligation under the PCE legislation to provide its customers with the notice specified in AS 42.45.120 or similar notice approved by the Alaska Energy Authority.

The Commission also reminds KING COVE of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, and/or efficiency of operation and advises KING COVE that failure to comply with those requirements could jeopardize its continued participation in the program.

If KING COVE believes that the calculation used to establish the PCE level in this Letter Order is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.

Letter Order-KING COVE Page 2 of 2 April 2, 2010

CC:

If you have any questions regarding the calculation of PCE levels, please contact Utility Financial Analyst Kevin AufDerHeide at (907) 276-6222.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA

Robert M. Pickett Chairman

Jeffery Williams, Alaska Energy Authority

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT REGULATORY COMMISSION OF ALASKA

SEAN PARNELL, GOVERNOR

701 WEST EIGHT AVENUE, SUITE 300 ANCHORAGE, ALASKA 99501-3469

PHONE: (907) 276-6222

FAX: (907) 276-0160 TTY: (907) 276-4533 WEBSITE: http://rca.alaska.gov

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INVOICE#:

42-1007K

DATE DUE: May 2, 2010

Bonnie Folz Administrative Manager King Cove, City of 3380 C st. Suite 205 Anchorage, AK 99503

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC42-1007K LO #: L1000107

Fuel Cost Update under the Power Cost Equalization Program

Amount Due :	\$ 39	
TOTAL AMOUNT DUE:	\$ 39	

MAKE CHECK PAYABLE TO: STATE OF ALASKA

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

REGULATORY COMMISSION OF ALASKA 701 W. 8TH AVE., SUITE 300 ANCHORAGE, AK 99501-3469

If you have any questions, please contact Joyce McGowan at (907) 263-2132 or joyce.mcgowan@alaska.gov.

King Cove, City of	
FILE #: PC42-1007K	Amount Due: \$ 39
LO #: L1000107	Check Number

Please tear along dotted line and submit payment with bottom portion. Thank you.

Power Cost Memorandum Fuel Cost Update and Rate Change

Date: April 1, 2010

Utility Name (Cert. No.)				Date Filed:		
City of King Cove		PC42-1007	K	March 19, 2010		
PCE LEVEL		eviously		Staff Recommended Level(s)		
SUMMARY		proved		and Effective Date		
		12-1007J		PC42-1007K		
Class		Approved:		4 30 0040		
Rate	Febru	ary 4, 2010		April 2, 2010		
All	\$	0.0988		\$0.1091		
	□ -	[] p		☐ Interim ✓ Permanent		
	Interim	✓ Permanent		Interim_ > Permanent		
Prior Fuel Pur	chase Price: \$ 2.585	5		New Fuel Purchase Price:	\$ 2.7686	
	Actual Weighted	.		Actual Weighted		
Delivery Charge:	Surch	arge Change:	Previous	Updated_		
Weighted Average Fue						
On-hand before deliv.	<u>Gallons</u> 46,000 X	<u>Price</u> 2.5855	=	118,933.00		
Delivered	100,114 X	2.8527	=	285,595.21		
Delivered	146,114	2.0021			Weighted	
:					Average	
					\$ 2.7686	
	1 10 11					
Signed: Kun	wellefuli.			Utility Financial Analyst		
Kevin Autderheide						
Commission decision	re. this recommend	ation :		I IAMII AMITE T		
	Data (if different		I DO NOT	I WILL WRITE A DISSENTING		
	Date (if different from 4/1/10)	CONCLIB	CONCUR	1		
Pickett	110111 4/ 1/ 10)	CONCOR	/	STATEMENT		
Giard						
Lisankie		1				
Patch		100/				
Wilson		11-21				

Special Instructions to Staff:

^{*} If this column initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

POWER COST EQUALIZATION CALCULATION BASED ON TEST PERIOD ENDING JUNE 30, 2007 Fuel Cost Update and Rate Change

		Ap
A.1 A.2 A.3	KWH Generated - Diesel KWH Generated - Hydro Total KWH Generated	
B.	Total KWH Sold (Appendix 2)	
C.	Total Non-Fuel Costs (Appendix 2)	
D.	Non-Fuel Cost/KWH (C / B)	
E.	Total Fuel Costs (Appendix 2)	
F.	Fuel Costs/KWH (E / B)	
G.	Eligible Costs/KWH (D + F)	
Н.	Eligible Cost/KWH (G) Less Base Rate in Effect	
l.	Lesser of (H) or 85.88 cents/kWh	
J.	Average Class Rates (Appendix 3) All	
K.	Lesser of: (I) x 95%, or (J) All	
L.	Funding Level in Effect	
	All	

PC42-1007J		PC42-1007K
	:	
Prior	Utility	Staff
Approved	Request	Recommended
2,164,915	2,164,915	2,164,915
2,207,200	2,207,200	2,207,200
4,372,115	4,372,115	4,372,115
3,847,461	3,847,461	3,847,461
546,484	546,484	546,484
\$0.1420	\$0.1420	\$0.1420
416,676	438,768	438,768
\$0.1083	\$0.1140	\$0.1140
\$0.2503	\$0.2560	\$0.2560
\$0.1091	\$0.1148	\$0.1148
V 0.1001	441111	70
\$0.1091	\$0.1148	\$0.1148
\$0.0988	\$0.1188	\$0.1188
\$0.0988	\$0.1091	\$0.1091
100%	100%	100%
\$0.0988	\$0.1091	\$0.1091

SCHEDULE OF ELIGIBLE POWER COSTS, SALES AND EFFICIENCY BASED ON TEST PERIOD ENDING JUNE 30, 2007

Fuel Cost Update and Rate Change

C. General and Administrative 27,920 27,290 27,920 Depreciation 108,272 108,272 108,272 E. Interest Expense 76,403 76,403 76,403 76,403 F. Other (Describe) 0 0 0 0 G. Total Non-Fuel Costs 546,484 546,484 546,484 Fuel Costs: 1. Gallons Consumed for Electric Generation 158,480 158,480 158,480 Price of Fuel: (cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 J. Total Cost of Fuel (H x I) 409,750 438,768 438,768 C. KWH Sales 3,847,461 3,847,461 3,847,461 J. KWH Generated - Hydro 2,207,200 2,207,200 2,207,200 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13,66 13,66 13,66 13,66 (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel On Hand 46,000 x \$2.5855 \$118,933,00 Delivered 100,114 x \$2.8527 \$285,595,21		PC42-1007J		PC42-1007K
A. Personnel Costs A. Personnel Costs C. General and Administrative C. General and Administrative D. Depreciation Depreciation 108,272 108,	Non-Fred Confee		F .	
3. Operating Expense 91,924 91,924 91,924 91,924 2. General and Administrative 27,920 27,290 27,920 3. Depreciation 108,272 108,272 108,272 5. Interest Expense 76,403 76,403 76,403 6. Other (Describe) 0 0 0 7. Other (Describe) 0 0 0 7. Total Non-Fuel Costs 546,484 546,484 546,484 Fuel Costs: 1. Gallons Consumed for Electric Generation 158,480 158,480 158,480 Price of Fuel: (cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 1. Total Cost of Fuel (H x I) 409,750 438,768 438,768 1. KWH Generated - Hydro 2,207,200 438,768 438,768 2. KWH Generated - Diesel 3,847,461 3,847,461 3,847,461 3. Total KWH Generated - Diesel 4,372,115 4,372,1				
C. General and Administrative 27,920 27,290 27,920 D. Depreciation 108,272 108,272 108,272 E. Interest Expense 76,403 76,403 76,403 76,403 G. Other (Describe) 0 0 0 0 D. Other (Describe) 0 0 0 0 0 Total Non-Fuel Costs 546,484 546,484 546,484 Fuel Costs: d. Gallons Consumed for Electric Generation 158,480 158,480 158,480 Price of Fuel: (cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 D. Total Cost of Fuel (H x I) 409,750 438,768 438,768 C. KWH Sales 3,847,461 3,847,461 3,847,461 A. KWH Generated - Hydro 2,207,200 2,207,200 2,207,200 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13,66 13,66 13,66 13,66 (kWh generated - kWh Sold)/kWh generated 12,00% 12,00% 12,00% (kWh generated - kWh Sold)/kWh generated 100,114 x \$2.8527 \$285,595.21	A. Personnei Costs	242,595	242,595	242,595
D. Depreciation 108,272 108,2	Operating Expense	91,924	91,924	91,924
E. Interest Expense 76,403 76,403 76,403 76,403 F. Other (Describe) 0 0 0 0 0 G. Total Non-Fuel Costs 546,484 546,484 546,484 Fuel Costs: H. Gallons Consumed for Electric Generation 158,480 158,480 158,480 Price of Fuel: (cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 I. Total Cost of Fuel (H x I) 409,750 438,768 438,768 C. KWH Sales 3,847,461 3,847,461 3,847,461 G. KWH Generated - Hydro 2,207,200 2,207,200 2,207,200 L. KWH Generated - Diesel 2,164,915 2,164,915 2,164,915 G. KWH Generated - Diesel 4,372,115 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWh generated ber gallons consumed) 4,372,115 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWh generated - kWh Sold)/kWh generated 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated 100,114 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	C. General and Administrative	27,920	27,290	27,920
F. Other (Describe) G. Total Non-Fuel Costs Fuel Costs: H. Gallons Consumed for Electric Generation Price of Fuel: (cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 \$2.7686 \$2.7686 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$3.847,461 \$4.372,115	D. Depreciation	108,272	108,272	108,272
Fuel Costs:	E. Interest Expense	76,403	76,403	76,403
Fuel Costs: 1. Gallons Consumed for Electric Generation 158,480	F. Other (Describe)	C	0	0
H. Gallons Consumed for Electric Generation 158,480 158,480 158,480 158,480 Price of Fuel:(cts per gal.)	G. Total Non-Fuel Costs	546,484	546,484	546,484
H. Gallons Consumed for Electric Generation 158,480 158,480 158,480 158,480 Price of Fuel:(cts per gal.)				
H. Gallons Consumed for Electric Generation 158,480 158,480 158,480 158,480 Price of Fuel:(cts per gal.)	Fuel Costs:			
Electric Generation 158,480 158,480 158,480 158,480 Price of Fuel:(cts per gal.) Weighted Average \$2.5855 \$2.7686 \$2.7686 Description of Fuel (H x I) 409,750 438,768 438,768 438,768 EXAMPLE C. KWH Sales 3,847,461 3,847,461 3,847,461 LI KWH Generated - Hydro 2,207,200 2,207,200 2,207,200 LI KWH Generated - Diesel 2,164,915 2,164,915 2,164,915 2,164,915 2,164,915 LI Total KWH Generated 4,372,115 4,372,115 4,372,115 Example C. KWH Generated - Diesel 3,164,915 2,164,9				
Weighted Average \$2.5855 \$2.7686 \$2.7686 Total Cost of Fuel		158,480	158,480	158,480
Delivered Cost of Fue	. Price of Fuel:(cts per gal.)			
(H x I) 409,750 438,768 438,768 C. KWH Sales 3,847,461 3,847,461 3,847,461 ∴1 KWH Generated - Hydro ∴2,207,200 2,207,200 2,207,200 ∴2 KWH Generated - Diesel ∴3 Total KWH Generated 4,372,115 4,372,115 4,372,115 ∴3 Total KWH Generated ∴4,372,115 4,372,115 4,372,115 ∴5 Standard ∴6 (kWhs Gen-diesel per gallons consumed) ∴6 (kWhs Gen-diesel per gallons consumed) ∴7 Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated ———————————————————————————————————	Weighted Average	\$2.5855	\$2.7686	\$2.7686
C. KWH Sales 3,847,461 3,847,461 3,847,461 1 KWH Generated - Hydro 2,207,200 2,207,200 2,207,200 2 KWH Generated - Diesel 2,164,915 2,164,915 2,164,915 3 Total KWH Generated 4,372,115 4,372,115 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWhs Gen-diesel per gallons consumed) 12.00% 12.00% 12.00% 12.00% N. Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel 2.5855 \$118,933.00 On Hand 46,000 x \$2.5855 \$18,933.00 Delivered 100,114 x \$2.85,595.21	I. Total Cost of Fuel			
1 KWH Generated - Hydro2 KWH Generated - Diesel3 Total KWH Generated 3 Total KWH	(H x I)	409,750	438,768	438,768
2 KWH Generated - Diesel 2,164,915 2,164,915 2,164,9153 Total KWH Generated 4,372,115 4,372,115 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWhs Gen-diesel per gallons consumed) N. Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	K. KWH Sales	3,847,461	3,847,461	3,847,461
3 Total KWH Generated 4,372,115 4,372,115 4,372,115 M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWhs Gen-diesel per gallons consumed) N. Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	1 KWH Generated - Hydro	2,207,200	2,207,200	2,207,200
Standard	2 KWH Generated - Diesel	2,164,915	2,164,915	2,164,915
M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWhs Gen-diesel per gallons consumed) N. Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	3 Total KWH Generated	4,372,115	4,372,115	4,372,115
M. Efficiency (N.2 / H) ≥ 12 13.66 13.66 13.66 (kWhs Gen-diesel per gallons consumed) N. Line Loss - Station Service ≤ 12% 12.00% 12.00% 12.00% (kWh generated - kWh Sold)/kWh generated Weighted Average Cost of Fuel On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	Stand	dard		
N. Line Loss - Station Service ≤ 12% 12.00%	M. Efficiency (N.2 / H)		13.66	13.66
On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	N. Line Loss - Station Service ≤	12% 12.00%	12.00%	12.00%
On Hand 46,000 x \$2.5855 \$118,933.00 Delivered 100,114 x \$2.8527 \$285,595.21	Weighted Average Cost of Fuel			
Delivered 100,114 x \$2.8527 \$285,595.21		.000 ×	_ \$2.5855	\$118 Q33 AA
<u> </u>	• ** * ******	444	= '	
140.114 528.71		<u> </u>	72.002 1	\$404,528.21

Wt. Avg 2.7686

PC42-1007K Appendix 2

CALCULATION OF AVERAGE CLASS RATE PER kWh

0 to 500 0.2600 130.0000 130.0000 130.0000 130.0000 130.0000 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.2600 0.118/1 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2 130.0000 0.141/2	Rate Schedule	All						
Block	(1)	(2)	(3)					
(by kWh) (\$/kWh) (\$/kWh) (2+3) (1x4) (5)/(1) \$ 0.141 0 to 500 0.2600 0.2600 130.0000 0 to to 1 130.0000 0.2600 0.118 Max 500 Total 130.0000 0.2600 0.118 Rate Schedule: (1) (2) (3) (4) Total Avg. Avg. Avg. Rate (\$/kWh) (\$/kWh) <td< td=""><td>Block</td><td>Rate</td><td>Surcharge</td><td></td><td></td><td></td><td></td></td<>	Block	Rate	Surcharge					
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to to to to Total Total Total (\$/kWh)		1				(0)/(1)	, , , , , , , , , , , , , , , , , , ,	
Total Surcharge Sircharge SirkWh) Si	to							
Nax	to	:						
Rate Schedule:	to							
(1)	Max 500			Total	130.0000	0.2600	0.1188	
Block	Rate Schedule:							
Block (by kWh) (\$/kWh) (\$/kWh) (\$/kWh) (2+3) (1x4) (5)/(1) \$ 0.1412	(1)	(2)	(3)					
(by kWh) (\$/kWh) (\$/kWh) (2+3) (1x4) (5)/(1) \$ 0.1412 0 to 10	ъ.			l I				
0 to to </td <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td>		1						
to to to Max 500 Rate Schedule: (1) (2) (3) (4) (5) (6) Avg. Avg. Rate (\$/k\bsymbol{Wh}) \$ (\$/k	· · · · · · · · · · · · · · · · · · ·	(\$/KVVN)	(\$/KVVN)	(2+3)	(1X4)	(5)/(1)	\$ 0.1412	
to to								
Total Avg. Avg. Rate Surcharge (\$/kWh)								
Rate Schedule:								
Rate Schedule:			***************************************	Total				
(1)				Total				
Rate			(2)	(4)	(5)	(0)		
Block (by kWh) (\$\(\frac{\\$}{\\$}{\\$}{\\$}{\\$}{\\$}{\\$}{\\$}{\\$}{\\$}	(1)	(2)	(3)					
(by kWh) (\$/kWh) (\$/kWh) (2+3) (1x4) (5)/(1) \$ 0.1412 0 to 10	Block	Rate	Surcharge	l i	ľ	_		
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to to Total Total Avg. Avg. Rate Schedule: Columbia	0 to					3.00.0		
to Total Total Total Colspan="3">Total Colspan="3">Colspan="3">Colspan="3">Total Colspan="3">Cols	to							
Max 500 Total Total General Surcharge (%) Total (%) (%) KWh) (%) (%) <th col<="" td=""><td>to</td><td></td><td></td><td></td><td></td><td></td><td></td></th>	<td>to</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	to						
Rate Schedule:								
(1) (2) (3) (4) (5) (6) (7) Total Total Total Avg. Avg. Rate Block (by kWh) (\$/kWh) (\$/kW	Max 500			Total				
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to to								
to								
IVIAX 30U I OTAI	Max 500			Total				

Beginning Fuel Inventory Last Approved Fuel Cost/Gal.	Delivery Date	Gallons 46,000	Cost per Gallon 2.5855	Delivery Mark-Up	To	otal Cost
Beginning Fuel Inventory in Gallons X	Last Approve	d Fuel Cost/Gal.		uel Inventory	\$	118,933
Reporting Period Purchases	02/10/10	100,114	2.8527	-	\$	285,595
:	WIGO IV					
				-		
Tatala for Danasting Daried						
Totals for Reporting Period Purchases on this sheet:		100,114			\$	285,595
Grand Totals (beginning inventory plus purcl146,114						404,528
Total Cost for Reporting Period divided by Total Gallons for Reporting Period =						2.8527
Grand Total Cost divided by Grand Total Gallons =						2.7686